# ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ

ಅಧಿಕೃತವಾಗಿ ಪ್ರಕಟಿಸಲಾದುದು
ವಿಶೇಷ ರಾಜ್ಯ ಪತ್ರಿಕೆ

| ಭಾಗ– IVಎ<br>Part– IVA | ಬೆಂಗಳೂರು, ಸೋಮವಾರ, 22, ಜೂನ್, 2020 ( ಆಷಾಢ,01, ಶಕವರ್ಷ ೧೯೪2)<br>Bengaluru, MONDAY, 22, JUNE, 2020(Ashadha 01, ShakaVarsha 1942) | ನಂ. 194<br>No. 214 |
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**GOVERNMENT OF KARNATAKA**

**File No: ITBT 26 ADM 2020**

**Karnataka Government Secretariat,**
5th Stage, MS Building,
Bengaluru, dated: 22.06.2020

## NOTIFICATION

The draft of the Karnataka Innovation Authority Rules, 2020, which the Government of Karnataka proposes to make in exercise of the powers conferred by sub-section (1) of section 29 of the Karnataka Innovation Authority Act, 2020 (Karnataka Act 07 of 2020), is hereby published as required by sub-section (1) of section 29 of the said Act, for the information of all persons likely to be affected thereby and notice is hereby given that the said draft will be taken into consideration after fifteen days from the date of its publication in the official Gazette.

Any objection or suggestion which may be received by the State Government from any person with respect to the said draft before the expiry of the period specified above will be considered by the State Government. Objections and suggestions may be addressed to the Additional Chief Secretary to Government, Department of Electronics, Information Technology, Biotechnology & Science and Technology, M.S.Building, Bengaluru - 560001.

## Draft Rules

**1. Title and Commencement.–**

(1) These rules may be called the Karnataka Innovation Authority Rules, 2020.

(2) They shall come into force from the date of their final publication in the Official Gazette.

**2. Definitions.–**In these rules, unless the context otherwise requires, –

(a) "Act" means the Karnataka Innovation Authority Act, 2020(Karnataka Act 07 of 2020);

(b) "Application" means an application made in accordance with the Act and these rules;

(c) "Chairman" means the Chairman of the Authority, referred to in sub-section (1) of section 4 of the Act;

(d) "Department" means the Department of Electronics, Information Technology, Biotechnology & Science and Technology of the Government;

(e) "Entity" means any private entity that has been proposed as the Sandbox Operator in an application for the establishment of a regulatory sandbox;

(f) "Ex-officio member" means a member nominated under rule 3;

(g) "Form" means form appended to these rules;

(h) "Party" means any natural or legal person who has made a submission to the Authority in accordance with the Act and these rules;

(i) "Public Consultation" means public consultation undertaken in accordance with the Act and these rules;

(j) "Regulations" means the regulations made by the Authority under the Act;

(k) "Relevant Stakeholders" means parties interested in or affected by any potential regulatory sandbox set up under the Act including, but not limited to, industry groups, consumer groups, civil society groups and non-governmental organisations; and

(l) "Sandbox Plan" means the agreement between the Sandbox Operator and the participant outlining the approach to be adopted in the sandbox which may specify testing parameters, measures for outcomes, reporting requirements, safeguards, timescale and term of the sandbox.

(m) "Section" means the section of the Act.

(2) All other words and expressions used, but not defined in these rules, shall have the same meaning assigned to them in the Act.

**3. Nomination of Ex-Officio Members.–**

(1) The following shall be the Ex-officio members of the Authority, namely: –

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| (a) The Development Commissioner, Government of Karnataka | Ex-officio member |
| (b) The Additional Chief Secretary or Principal Secretary, Department of Finance, Government of Karnataka or his nominee not below the rank of Deputy Secretary to Government | Ex-officio member |
| (c) The Additional Chief Secretary or Principal Secretary, Department of Industries and Commerce, Government of Karnataka or his nominee not below the rank of Deputy Secretary to Government | Ex-officio member |
| (d) The Additional Chief Secretary or Principal Secretary, Department of Urban Development, Government of Karnataka or his nominee not below the rank of Deputy Secretary to Government | Ex-officio member |
| (e) The Principal Secretary or Secretary, Department of Law, Government of Karnatakaor his nominee not below the rank of Deputy Secretary to Government | Ex-officio member |

(2) The Chairman of the Authority may invite any Additional Chief Secretary or Principal Secretary or Secretary to Government in-charge of the department concerned, taking into account the nature of the applications received, as a special invitee to the meetings, as required.

**4. Application for establishing a Regulatory Sandbox.**

(1) An applicant seeking the establishment of a regulatory sandbox shall tender an application to the Authority in Form–A.

(2) The applicant shall, along with the application, tender a processing fee of an amount provided in Annexure-I payable through electronic transfer.

(3) Where the Authority is of the view that an application is incomplete in any of the material particulars required, it shall return the same to the Applicant with a written communication indicating the deficiencies in the application.

(4) Any application that has been submitted after being returned in accordance with sub-rule (3), shall be accompanied by a covering letter from the applicant indicating how the deficiencies identified have been rectified.

(5) Upon receipt of an application that is complete in all respects, the Authority shall cause the same to be displayed on its website with all the necessary annexures, with a link prominently displayed on the website.

(6) Notwithstanding anything contained in sub-rule (5), the Authority may, at the request of the applicant, retract any private or confidential information as defined under section 23 of the Act that is not required for the purposes of public scrutiny of the application.

**5. Public Consultation for establishment of Regulatory Sandbox.**

(1)On accepting an application for establishing a Regulatory Sandbox, the Authority shall, within a period of fourteen days of the date of receipt, notify the general public with the details of the Regulatory Sandbox applied for being set up and the proposed Sandbox Operator, seeking public comments.

(2) The period of public consultation shall be thirty calendar days from the date of notice.

(3) The notice shall be deemed to be issued to the public, if such notice is placed on the website of the Authority and is published in more than two the English and Kannada daily newspapers having the wide circulation in the State of Karnataka.

(4) Within the expiry of thirty days of the issue of notice under sub-rule (1), the Authority shall conduct the public consultation process in the following manner, namely:-

(a) On the day of the publication of the notice under sub-rule (1), the Authority shall publish background information in an easy and accessible manner on the Authority's website, describing the problem being addressed, covering the operational and technical aspects of the proposed Regulatory Sandbox, impact assessment and other relevant information.

(b) The notice issued under sub-rule (1) shall invite comments from the public through the following channels, namely:-

(i) The link provided in the announcement inviting for public consultation;

(ii) Written submissions to the Member-Secretary of the Authority to receive comments whose contact details must be provided in the public notice; and

(iii) Any other communication channel as the Authority may specify.

(c) The Authority may invite relevant stakeholders and hold public hearings, open to the general public, with adequate notice and publicity for the invitee, mentioning the location and time of the hearing, but not earlier than fifteen days from the date of the issue of the notice.

(d) Upon taking the decision regarding the establishment of the Regulatory Sandbox, the Authority shall publish on its website the public comments received in response to the notice under sub-rule (1), either in original text as received or by preparing a public comments

report with a summary of the major comments, and its responses to them, along with the announcement of its decision.

(e) On the date of the publication of the decision regarding the establishment of the Regulatory Sandbox, the Authority shall, along with publishing the public comments as per these rules, publish the names and personal information of the parties who took part in the public consultation:

Provided that, where a party requests the Authority not to publish such information, the Authority shall not disclose the same under sub-rule (e).

(5) In case the Authority determines that it is not feasible or desirable to establish a Regulatory Sandbox under section 10, the Authority shall publish on its website the order in writing, providing reasons for the same.

**6. Public Consultation for suo-moto establishment of a Regulatory Sandbox.**– (1) In the case of suo-moto establishment of a Regulatory Sandbox under section 11, the Authority shall notify the public of their order in writing proposing to establish a Regulatory Sandbox.

(2) Within the expiry of thirty days of the issue of notice under sub-section (2) of section 11, the Authority shall conduct the public consultation process in the following manner, namely –

(a) Publishing background information, in an easy and accessible manner, on the Authority's website, describing the problem being addressed, covering the operational and technical aspects of the proposed Regulatory Sandbox, impact assessment and other relevant information.

(b) The Authority shall invite comments from the public through the following channels, namely:-

(i) The link provided in the announcement inviting for public consultation;

(ii) Written submissions to the designated officer authorised to receive comments whose contact details must be provided in the public notice; and

(iii) Any other communication channel as the Authority may specify.

(c) In addition to the above, the Authority may invite relevant stakeholders and hold public hearings, open to the general public, with adequate notice and publicity for the invite, mentioning the location and time of the hearing, but not earlier than fifteen days from the date of the issue of the notice.

(d) Upon taking the decision regarding the establishment of the Regulatory Sandbox, the Authority shall publish on its website the public comments received, either in original text as received, or by preparing a public comments report with a summary of the major comments, and its responses to them, along with the announcement of its decision.

(e) On the date of the publication of the decision regarding the establishment of the Regulatory Sandbox, the Authority shall, along with publishing the public comments as per these rules, publish the names and personal information of the parties who took part in the public consultation:

Provided that, where a party requests the Authority not to publish such information, the Authority shall not be required to disclose the same under sub-rule (e).

(3) In case the Authority decides that it is not feasible or desirable to establish a Regulatory Sandbox under section 11, the Authority shall publish on its website the order in writing, providing reasons for the same.

**7. Applications to Sandbox Operator for participation in the Regulatory Sandbox. –**

(1)An applicant, seeking to participate in a regulatory sandbox, shall tender an application to the Sandbox Operator, in the Form B.

(2) The applicant shall, along with the application, tender a processing fee of an amount provided in Annexure II, through demand draft or e-payment.

(3) Where the Sandbox Operator is of the view that an application is incomplete on any of the material particulars required, or seeks further information from the applicant, it shall return the same to the Applicant with a written order indicating the deficiencies in the application.

(4) In assessing the applications received, the Sandbox Operator may consult the Authority from time to time.

(5) Upon satisfaction of the application requirements, the Sandbox Operator shall intimate the successful applicant, if any, of its approval in writing within seven days from the date of its decision. A copy of the approval shall be sent to the Technical Secretariat.

(6) All applications received by the Sandbox Operator for participation in a Regulatory Sandbox under section 14 shall be published on the website of the Authority and the Sandbox Operator respectively within thirty days of receipt of such application, subject to the confidentiality requirements provided in section 23.

**8. Terms and Conditions for participants in the Regulatory Sandbox.**

(1) In addition to the terms and conditions provided in sub-section (2) of section 12, every participant in the Regulatory Sandbox shall follow terms and conditions provided in these rules.

(2) The terms and conditions shall be as follows, namely:–

(a) The benefits conferred due to the participation in the regulatory sandbox are only applicable to the product, service or solution to the extent that they are offered or provided in the state of Karnataka.

(b) The participants of the regulatory sandbox are required to maintain transparency with the Sandbox Operator and Authority in relation to the proposed innovation during and after completion of participation in the sandbox. In case of any new information that will affect the terms of the participation in the regulatory sandbox of the participant, such information must be shared with the Sandbox Operator immediately.

(c) The participant must provide an undertaking that they shall be responsible for complying with all applicable legal and regulatory obligations during the term of the sandbox.

(d) The participant must undertake to comply with the safeguards built into the sandbox to protect the rights of the consumers, which may include but are not limited to, mandatory disclosures of risks to customers, protecting data privacy, requirements for obtaining consumer consent, taking out indemnity insurance, making arrangements to adequately compensate the test subjects for any losses suffered in connection with particular tests, compliance with dispute and grievance redressal conditions.

(e) The participants must, in an upfront and transparent way, notify test customers of potential risks that may arise, the available compensation and obtain their explicit consent in this regard. They must also provide an appropriate arrangement for customers to withdraw from the test.

(f) The participant shall be required to take liability or indemnity insurance of an adequate amount and period to safeguard the interest of the customers. The adequacy of indemnity cover shall depend on determination of the maximum liability based on, among others,-

(i) maximum exposure to a single customer;

(ii) the number of claims that will arise from a single event (potential for multiple claims); and

(iii) number of claims that might be expected during the policy period. The policy cover shall begin with the start of testing stage and end three months after the exit of the participant from the Regulatory Sandbox.

(g) The participant shall not be in violation of any Acts or Rules or notifications passed by the Central or State Government. In any instance, where the participant in a regulatory sandbox violates any law in force outside the scope of the regulatory sandbox, action shall be taken by the concerned competent authority in accordance with law.

(h) Unless otherwise extended by the Authority, subject to sub-section (2) of section 12, the participant's involvement terminates on the expiry of the agreed upon term under the Sandbox Plan.

(i) In the event that there is no agreed upon term, the Authority shall notify in writing its intent to end the sandbox and any participation in the sandbox shall automatically cease with immediate effect.

(j) The participant must clearly identify to the Sandbox Operator and the Authority, in writing, which information provided to them is confidential information, providing clear reasons as to why such information is deemed confidential. Such information shall be covered under section 23.

(k) The participant shall retain all intellectual property rights in, and responsibility for, all content and materials that they contribute to the sandbox, provided that the participant shall only contribute such intellectual property that they have the right to share, use and develop and are in compliance with third party licenses, if any.

(l) The participant or the Sandbox Operator may at any time, on providing two weeks' notice in writing, terminate the involvement of the participant in the sandbox.

(3) The participant must undertake to disclose at the application stage, as and when it may arise, any actual or potential conflict of interest, in the form of any connections or associations between the participant and their employees with individuals associated with the Sandbox Operator and the Authority, which may include,–

(a) spouses, partners, children, parents or other relatives;
(b) business partners, employees, managers or directors; or
(c) any former member of the staff of the Sandbox Operator or the Authority who is currently employed by the participant, appointed to the board, or has a substantial interest in the participant.

(4) The Sandbox Operator may at any time revoke, with immediate effect, the involvement of a participant in the sandbox and cease providing any regulatory support if –

(a) there is a conflict of interest as provided in sub-rule (3);

(b) the participant commits a material or repeated breach of the Sandbox Plan or the terms and conditions, which cannot be remedied; or

(c) the Authority determines that the conduct of the participant, either in the course of or outside the sandbox, is contrary to public interest:

Provided that, the Sandbox Operator shall not revoke the participation of a participant in the sandbox for any of the reasons specified in this sub-rule unless the participant in the sandbox has been given an opportunity of being heard as to why such participation shall not be revoked.

(5) The terms and conditions for participants in the regulatory sandbox may be subject to further addition by the Authority through regulations, at any time.

**9. Selection of Private Entity as Sandbox Operator.–**

(1) In the case of selection of a private entity as Sandbox Operator, the Authority shall take the following factors into consideration, namely–

(a) that the entity has *its registered office in the state of Karnataka;*

(b) *that the entity shall have been in existence for last 3 years;*

(c) *that the entity has an ability to provide an effective test environment that is approved by the Authority and to make it available to the participants of the Regulatory Sandbox;*

(d) *that the entity has the capacity to test a product or service or business model relating to the activities of the participants of the Regulatory Sandbox;*

(e) that the entity is not engaged in any activities that are contrary to the goals or objectives of the Sandbox or interest of the nation; and

(f) that appointing the entity as Sandbox Operator does not result in a conflict of interest for the entity.

(2) The Authority shall constitute a sub-committee, comprising of at least three members drawn from Secretaries of relevant departments, to assess the

suitability of a private entity for designation as Sandbox Operator, upon satisfaction of the provisions under sub-rule (1) of this rule. The sub-committee shall make a recommendation to the Authority regarding the same, within thirty days from date of application, in accordance with the provisions of these rules.

**10. Powers and Functions of the Member-Secretary.–**

The Member-Secretary shall be responsible for,–

(a) the day-to-day administration of the Authority;

(b) drawing up the agenda with the approval of the Chairperson;

(c) matters concerning finance and accounts of the Authority;

(d) drafting the recommendation for the amendment of any Act, Rules or regulations in force, as deemed necessary in accordance with provisions of item (c) of sub-section (ii) of Section 7 of the Act.

(e) exercise such other powers and perform such other functions as may be assigned or delegated by the Chairperson, from time to time.

**11. Conduct of Business of the Authority.–**

(1) On receipt of an application, the Member-Secretary may convene meetings as often or as necessary.

(2) The Member-Secretary may also convene meetings whenever the Chairperson deems it necessary or whenever a request is made in this behalf.

(3) The Member-Secretary shall issue notice to the members of the Authority for a minimum of seven days, in case of regular meetings and minimum of three days in case of special meetings.

(4) The notice along the agenda specifying the time, date and place of the meeting shall be issued under the signature of the Member-Secretary.

(5) The notice, in writing, shall be sent to the members of the Authority either by hand delivery or by post or by electronic means such as e-mail.

(6) The meeting shall be held within twenty-one days, after completing the process of public consultation for establishing a regulatory sandbox.

(7) The quorum for the meeting shall be as prescribed under sub-section (5) of section 5.

(8) The Member-Secretary shall prepare proceedings and circulate to all members.

(9) In case of a regular meeting, if within half an hour from the time appointed for holding said meeting, the quorum is not present, the presiding officer shall adjourn the meeting to a later hour on the same date, or to a different date.

(10) In case of a special meeting, if within half an hour from the time appointed for holding such meeting, the quorum is not present, the meeting shall stand dissolved.

(11) The Member-Secretary may, if deemed necessary and with the approval of the Chairperson, invite such individuals or experts, as they deem fit, to appear before the Authority, to obtain their views on any item on the agenda for a meeting.

**12. Minutes of the Meeting.–**

(1) The Member-Secretary of the Authority shall be responsible for preparation of minutes of the meetings of the Authority and circulating the same to all the members.

(2) The Member Secretary shall be responsible for uploading the minutes in the official website of the Authority after it is approved by the Chairperson.

(3) The minutes shall be confirmed in the next meeting of the Authority and the confirmation shall be endorsed in the Minute Book by the Chairperson and the Member-Secretary.

(4) No member shall be entitled to raise any objection in regard to the text of the minutes of any meeting unless he was present at the meeting to which it relates.

(5) No member shall be entitled to raise any objection in regard to the text of the minutes of any meeting after the minutes have been confirmed by the Authority.

**13. Technical Secretariat.–**

(1) For the purpose of this Act, the Karnataka Innovation and Technology Society (KITS) is designated as the Technical Secretariat.

(2) The functions of the Technical Secretariat are,-

(a) to provide secretarial support to the Authority, and wherever relevant, to the Sandbox Operator, to supervise and assist it in carrying out its functions;
(b) to provide logistic support, including but not limited to, proper maintenance of records and registers, handling of communication and correspondence;
(c) to provide technical support including supervising, advising overseeing on technical and allied matters; and
(d) to provide research support including assistance in vetting the applications received and verifying compliance.

(3) Subject to prior approval of the Authority, the Technical Secretariat may engage additional staff for the purpose of carrying on its functions, as it deems necessary.

**14. Accounts and Audits.–**(1) The Authority shall maintain such books of accounts and other registers and prepare an annual statement of accounts in accordance with the Rules applicable *mutatis mutandis* to any department of the Government under the Karnataka Financial Code.

**15. Annual Report.–** (1)The Authority shall prepare, as soon as may be, after the commencement of each financial year the Annual Report referred to in sub-section (1) of section 22.

(2) The annual report shall give an account of the activities during the previous financial year containing, inter alia,–

(a) A list of the Regulatory Sandboxes established by the Authority and a list of participants in the Regulatory Sandboxes, along with an assessment of the success of the Regulatory Sandbox in allowing innovation.
(b) Recommendations of the Authority to make permanent any exemptions or modifications of any law which have been granted under the scheme of this Act.

(3) The Annual Report shall after adoption at a meeting of the Authority be signed by all the members and authenticated by affixing the common seal of the Authority.

(4) Requisite number of copies thereof shall be submitted to the State Government and to the Legislature by 30th day of September and shall be published on the website of the Authority.

**16.Budget of the Authority.** –The Authority shall prepare every year the Budget of the Authority for ensuing financial year in Form-C before end of December every year and submit the same to the Government for approval.

**By order and in the name of the**
**Governor of Karnataka**

**(Shidramappa H Talawar)**
Under Secretary to Government,
Department of Electronics, Information Technology,
Biotechnology and Science & Technology

**Form– A**
**(See sub-rule (2) of rule 4)**

**Application Form to Establish a Regulatory Sandbox**

**Appendix I: Application form (fill up where applicable)**

| **I. Private Agency** | |
|---|---|
| **A. Contact details** | |
| Applicant | |
| Name of the company | |
| Company Registration Number (if applicable) | |
| Authorised regulatory status (e.g. licensing, registration, notification, approval, recognition) | |
| Website URL | |
| Name of key personnel (e.g. CEO, CFO) NB: Kindly enclose the curriculum vitae of the personnel | |

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| e-mail address | |
| Phone number | |
| Mailing address | |
| Shareholders | |
| Financial standing, including any funding raised and/or to be raised | |
| Describe the nature and scale of your operations in Karnataka | (Please keep the response below 200 words) |
| Provide details of high skilled jobs that your company is creating in Karnataka | |
| **II. Government Agency / Instrumentality** | |
| Name of the Institution | |
| Name of the Designated Officer | |
| Authorisation from Competent Authority | < Enclose the Letter of Authorisation > |
| e-mail Address | |
| Mailing Address | |
| Phone Number | |

| **B. About the product, service or solution** | |
|---|---|
| Please provide full details of the proposed service/product to be experimented in the sandbox, covering the following areas | |
| Describe the product, service or solution | (Please keep the response below 200 words. Additional information may be provided as supporting documents) |
| **Eligibility criteria** | |
| Explain how the product, service or solution is genuinely innovative | (Please keep the response below 200 words. Additional information may be provided as supporting documents) |
| Problem statements that the proposed service/product/ solution aims to address | |
| Need for a regulatory sandbox and the proposed sandbox operator | |
| Describe how the usefulness and functionality of the product, service or solution has | |

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| been assessed and/or tested | |
| Benefits of the proposed service/product, solution in particular, those that may not exist today, for the people in Karnataka | |
| Business model(s), including the target customers and specific use cases. For each use case, provide an end-to-end illustration on how the proposed service/product will be made available in detail. | |
| Technical architecture and solution, detailing the specific technology and innovative ways in which the technology will be applied; | |
| Comparison with existing offerings that are similar to the proposed service/product /solution focusing on the problem statements, benefits, technology and business model; and | |
| The readiness of the prototype development, including an estimated timeframe on the readiness to provide an end-to-end demonstration of the proposed service/product to the Authority. | Please keep the response below 400 words. Additional information may be provided as supporting documents) |
| Provide evidence of resources available to support testing in the sandbox | (Please keep the response below 200 words. Additional information may be provided as supporting documents) |
| Explain the business plan for the product, service or solution to be offered on wider commercial scale | (Please keep the response below 200 words. Additional information may be provided as supporting documents) |
| **Legal and Regulatory Requirements** | |
| Please provide full details of the applicable legal/regulatory requirements and the relaxation that you are seeking in order to deliver the proposed service/product/ solution in the sandbox | |
| Identify the legal or regulatory requirements that are incompatible with the proposed product | Please keep the response below 400 words. Additional information may be provided as supporting documents) |
| State the regulatory status (e.g. licensing, registration, | Please keep the response below 400 words. Additional information may be provided as |

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| notification, approval, recognition) required | supporting documents) |
| Include a legal opinion, if available, from a qualified legal practitioner applying the relevant laws administered by the State of Karnataka to the facts of your case | |
| State the specific legal and regulatory requirements that you are seeking KIA to relax for the duration of the sandbox, and why so; and | |
| Describe how you intend to meet the full legal and regulatory requirements before exiting the sandbox. | |

| **Potential risks and safeguards** | |
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| Please provide full details of the potential risks and safeguards involved in the delivery of the proposed service / product / solution in the sandbox | |
| Describe the risks associated with the testing and identify appropriate risk mitigation measures/safeguards | (Please keep the response below 400 words. Additional information may be provided as supporting documents) |
| Describe the controls to be put in place so as to manage risk and failure in the sandbox, including technology risks involved | |
| Describe the exit plan from the sandbox and how the good or service or solution is intended to be deployed or operated within Karnataka after exiting from the sandbox | |
| Describe how the deployment of this good or service or solution is in larger public interest, including, inter alia, the ability of the good or service or solution to generate employment in Karnataka. | |
| **Sandbox Design** | |
| Please provide full details of the proposed sandbox design, covering the following areas | |
| Describe the experiments to be conducted in the sandbox, including specific testing of the application of technology in the | |

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| proposed service/product / solution. | |
| State and justify the sandbox boundaries | |
| Start and end date of the sandbox | |
| Limit on the type (e.g. retail, accredited) of customers involved | |
| Limit on the number of customers involved | |
| Quantification of the maximum loss and impact, including any potential knock-on effects | |
| State the geographical area within which the test is to be conducted | |
| State the location of the IT infrastructure | |
| State the source of funding for the testing | |
| Explain the intended key outcomes of the testing | |
| **Other relevant information** | |
| Any other information that may support the application | |

**Form – B**
**(See Rule 7)**

**Application to Sandbox Operator to participate in a Regulatory Sandbox**

| **A. Contact details** | |
|---|---|
| Applicant | |
| Name of the company | |
| Company Registration Number (if applicable) | |
| Authorised regulatory status (e.g. licensing, registration, notification, approval, recognition) | |
| Website URL | |
| Name of key personnel (e.g. CEO, CFO) NB: Kindly enclose the curriculum vitae of the personnel | |

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| e-mail address | |
| Phone number | |
| Mailing address | |
| Shareholders | |
| Financial standing, including any funding raised and/or to be raised | |
| Describe the nature and scale of your operations in Karnataka | (Please keep the response below 200 words) |
| Provide details of high skilled jobs that your company is creating in Karnataka | |
| **B. About the product, service or solution** | |
| Please provide full details of the proposed service / product to be experimented in the sandbox, covering the following areas | |
| Describe the product, service or solution | (Please keep the response below 200 words. Additional information may be provided as supporting documents) |
| **Eligibility criteria** | |
| Explain how the product, service or solution is within the scope of the Regulatory Sandbox. | (Please keep the response below 200 words. Additional information may be provided as supporting documents) |
| Explain how the product, service or solution is genuinely innovative, distinct from the available offerings in the same market and explain how it utilises a new technology or existing technology in a novel manner. | |
| Identifiable benefits of the proposed service/product, solution in particular, for the consumers in Karnataka | |
| Technical architecture and solution, detailing the specific technology and innovative ways in which the technology will be applied; | |
| Comparison with existing offerings that are similar to the proposed service / product / solution focusing on the | |

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| problem statements, benefits, technology and business model; and | |
| The readiness of the prototype development, including an estimated timeframe on the readiness to provide an end-to-end demonstration of the proposed service/product to the Authority. | Please keep the response below 400 words. Additional information may be provided as supporting documents) |
| Provide evidence of resources available to support testing in the sandbox | (Please keep the response below 200 words. Additional information may be provided as supporting documents) |
| Explain the business plan for the product, service or solution to be offered on wider commercial scale | (Please keep the response below 200 words. Additional information may be provided as supporting documents) |
| Describe the experiments to be conducted in the sandbox, including specific testing of the application of technology in the proposed service / product / solution. | |
| State and justify the requested sandbox boundaries | |
| Time Period during which the proposed good or service or innovation may be offered to the prescribed customers. | |
| Limit on the type (e.g. retail, accredited) of customers involved | |
| Limit on the number of customers involved | |
| Quantification of the maximum loss and impact, including any potential knock-on effects | |
| State the geographical area within which the proposed good or service or innovation may be offered to the prescribed customers. | |
| State the location of the IT infrastructure | |
| State the source of funding for the testing | |
| Explain the intended key outcomes of the testing | |

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| Describe the measures that will be undertaken to protect data security, confidentiality and consumer privacy | |
| **Legal and Regulatory Requirements** | |
| Please provide full details of the applicable legal/regulatory requirements and the relaxation that you are seeking in order to deliver the proposed service/product/ solution in the sandbox | |
| Identify the legal or regulatory requirements that are incompatible with the proposed product | Please keep the response below 400 words. Additional information may be provided as supporting documents) |
| State the regulatory status (e.g. licensing, registration, notification, approval, recognition) required | Please keep the response below 400 words. Additional information may be provided as supporting documents) |
| Include a legal opinion, if available, from a qualified legal practitioner applying the relevant laws administered by the State of Karnataka to the facts of your case | |
| State the specific legal and regulatory requirements that you are seeking KIA to relax for the duration of the sandbox, and why so; and | |
| Describe how you intend to meet the full legal and regulatory requirements before exiting the sandbox. | |
| **Potential risks and safeguards** | |
| Please provide full details of the potential risks and safeguards involved in the delivery of the proposed service / product / solution in the sandbox | |
| Describe the risks associated with the testing and identify appropriate risk mitigation measures/safeguards to protect consumers | (Please keep the response below 400 words. Additional information may be provided as supporting documents) |
| Describe the controls to be put in place so as to manage risk and failure in the sandbox, including technology risks involved | |

| | |
|---|---|
| Describe the exit plan from the sandbox and how the product or service or solution is intended to be deployed or operated within Karnataka after exiting from the sandbox | |
| Describe how this product or service or solution is suited for large-scale deployment after the expiry of the period of testing in the regulatory sandbox | |
| Describe how the deployment of this good or service or solution is in larger public interest, including, inter alia, the ability of the good or service or solution to generate employment in Karnataka. | |
| **Other relevant information** | |
| Any other information that may support the application | |

## Form - C

## (See rule 16)

## Budget of the Authority

## For the year _____

| S. No. | Expenditure Classification | Previous Fiscal Year: _____ Actual | Current Fiscal Year: _____ Budgeted | Next Fiscal Year: _____ Requested |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| **Total** | | | | |

## Annual Statement of Accounts
## Receipts and Payments Accounts
## For the year _____

| S. No. | Receipts | Current Year As On (in Rupees) | Previous Year As On (in Rupees) | S. No. | Payments | Current Year As On (in Rupees) | Previous Year As On (in Rupees) |
|---|---|---|---|---|---|---|---|
| 1. | To Balance Brought Down | | | 8. | By Chairman and Members | | |
| 1.1 | Bank | | | 8.1 | Pay and Allowances | | |
| 1.2 | Cash in Hand | | | 8.2 | Other Benefits | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2. | To Fee, Charges and Fines | | | 8.3 | Travel Expenses | | |
| 3. | To Grants | | | 8.3.1 | Overseas | | |
| 4. | To Income on Investments and Deposits | | | 8.3.2 | Domestic | | |
| 5. | To Loans | | | 9. | By Officers | | |
| 6. | To Sale of Assets | | | 9.1 | Pay and Allowances | | |
| 7. | Others (specify) | | | 9.2 | Retirement Benefits | | |
| | | | | 9.3 | Other Benefits | | |
| | | | | 9.4 | Travel Expenses | | |
| | | | | 10. | By Staff | | |
| | | | | 10.1 | Pay and Allowances | | |
| | | | | 10.2 | Retirement Benefits | | |
| | | | | 10.3 | Other Benefits | | |
| | | | | 10.4 | Travel Expenses | | |
| | | | | 11. | By Wages | | |
| | | | | 12. | By Overtime | | |
| | | | | 13. | By Honorarium | | |
| | | | | 14. | By Consultation Expenditure | | |
| | | | | 15. | By Research Expenditure | | |
| | | | | 16. | By Seminars and Conferences | | |
| | | | | 17. | By Publications | | |
| | | | | 18. | By Rent and Taxes | | |
| | | | | 19. | By Interest on Loans | | |
| | | | | 20. | By Subscription | | |
| | | | | 21. | By Investments and Deposits | | |
| | | | | 22. | By Loans and Advances | | |
| | | | | 23. | By Others / Misc. | | |
| | | | | 24. | By Balance Carried Down | | |
| | | | | 24.1 | Bank | | |
| | | | | 24.2 | Cash in Hand | | |
| | Total | | | | Total | | |

## Income and Expenditure Account

## For the year _____

| S. No. | Expenditure | Current Year As on (in Rupees) | Previous Year As on (in Rupees) | S. No. | Income | Current Year As on (in Rupees) | Previous Year As on (in Rupees) |
|---|---|---|---|---|---|---|---|
| 25. | To Chairman and Members | | | 41. | By Fees, Charges and Fines | | |
| 25.1 | Pay and Allowances | | | 41.1 | By Fees | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 25.2 | Other Benefits | | | 41.2 | By Charges | | |
| 25.3 | Travel Expenses | | | 41.3 | By Fines | | |
| 26. | To Officers | | | 42. | By Others (Specify) | | |
| 26.1 | Pay and Allowances | | | 43. | By Grants | | |
| 26.2 | Retirement Benefits | | | 44. | By Sale of Publications | | |
| 26.3 | Travel Expenses | | | 45. | By Gift / Contributions | | |
| 27. | To Wages | | | 46. | By Seminars and Conferences | | |
| 28. | To Overtime | | | 47. | By Income on Deposits and Investments | | |
| 29. | To Honorarium | | | 48. | By Miscellaneous Income | | |
| 30. | To Consultation Expenditure | | | | | | |
| 31. | To Other Office Expenses | | | | | | |
| 32. | To Research Expenditure | | | | | | |
| 33. | To Seminars and Conferences | | | | | | |
| 34. | To Publications of the Innovation Authority | | | | | | |
| 35. | To Rent and Taxes | | | | | | |
| 36. | To Subscription | | | | | | |
| 37. | To Other Expenses | | | | | | |
| 38. | To Depreciation | | | | | | |
| 39. | To Excess of Income over Expenditure | | | | | | |
| 40. | To Provision of Bad Debts | | | | | | |
| | Total | | | | Total | | |

Member(s) (Signature)

Chairperson (Signature)

## Balance Sheet as on _____

| S. No. | Liabilities | Current Year As on (in Rupees) | Previous Year As on (in Rupees) | S. No. | Assets | Current Year As on (in Rupees) | Previous Year As on (in Rupees) |
|---|---|---|---|---|---|---|---|
| 49. | Funds | | | 53. | Fixed Assets | | |
| 49.1 | Capital Fund | | | 54. | Capital Work-in-Progress | | |
| 49.2 | Excess of Income over Expenditure | | | 55. | Investments and Deposits | | |
| 49.3 | Other Funds (Specify) | | | 56. | Loans and Advances | | |
| 50. | Reserves | | | 57. | Cash and Bank Balances | | |
| 51. | Loans | | | 58. | Other Current Assets | | |
| 52. | Current Liabilities and Provisions | | | | | | |
| | Total | | | | Total | | |

Accounting Policies and Notes:

Member(s) (Signature)

Chairperson (Signature)

## Annexure – I

**(See sub-rule (2) of rule 4)**

**Fee Structure for Application for Establishing Regulatory Sandbox**

| **Processing Fees for Government Agency - NIL** | |
|---|---|
| **Processing Fees for Companies(Rs.)** | |
| Paid Up Capital - Up to 50 Million (5 Crores) | Rs. 5,00,000/- + (18% GST) |
| Paid Up Capital - Up to 50 to 100 Million (5 -10 Crores) | Rs. 10,00,000/- + (18% GST) |
| Paid Up Capital - Up to 100 to 150 Million (10 -15 Crores) | Rs. 15,00,000/- + (18% GST) |
| Paid Up Capital - Up to 150 to 500 Million (15 -50 Crores) | Rs. 20,00,000/- + (18% GST) |
| Paid Up Capital - Up to 500 to 1000 Million (50 -100 Crores) | Rs. 25,00,000/- + (18% GST) |
| Paid Up Capital - Above 1 Billion (Above 100 Crores) | Rs. 30,00,000/- + (18% GST) |
| Paid Up Capital - Above 10 Billion (Above 1000 Crores) | Rs. 40,00,000/- + (18% GST) |

## Annexure – II

**[See rule 7 (2)]**

**Fee Structure for Application for Participation in Regulatory Sandbox**

| **Processing Fees for Companies(Rs.)** | |
|---|---|
| Paid Up Capital - Up to 50 Million (5 Crores) | Rs. 20,000/- + (18% GST) |
| Paid Up Capital - Up to 50 to 100 Million (5 -10 Crores) | Rs. 40,000/- + (18% GST) |

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| | |
|---|---|
| Paid Up Capital - Up to 100 to 150 Million (10 -15 Crores) | Rs. 60,000/- + (18% GST) |
| Paid Up Capital - Up to 150 to 500 Million (15 -50 Crores) | Rs. 80,000/- + (18% GST) |
| Paid Up Capital - Up to 500 to 1000 Million (50 -100 Crores) | Rs. 1,00,000/- + (18% GST) |
| Paid Up Capital - Above 1 Billion (Above 100 Crores) | Rs. 2,00,000/- + (18% GST) |
| Paid Up Capital - Above 10 Billion (Above 1000 Crores) | Rs. 4,00,000/- + (18% GST) |

**By order and in the name of the**
**Governor of Karnataka**

**(Shidramappa H Talawar)**
Under Secretary to Government,
Department of Electronics, Information Technology,
Biotechnology and Science & Technology

ಮುದ್ರಕರು ಹಾಗೂ ಪ್ರಕಾಶಕರು:- ಸಂಕಲನಾಧಿಕಾರಿಗಳು, ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ, ಸರ್ಕಾರಿ ಕೇಂದ್ರ ಮುದ್ರಣಾಲಯ, ಬೆಂಗಳೂರು

SUNIL GARDE